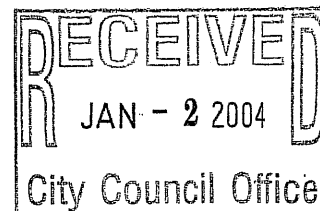




THE UNITED STATES CONFERENCE OF MAYORS

1620 EYE STREET, NORTHWEST
WASHINGTON, D.C. 20006
TELEPHONE (202) 293-7330
FAX (202) 293-2352
URL: www.usmayors.org



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Executive Director:
TOM COCHRAN

December 29, 2003

The Honorable John Howe
Mayor of Sunnyvale
P.O. Box 3707
Sunnyvale, CA, 94088-3707

Dear Mayor Howe:

On behalf of The United States Conference of Mayors, thank you for your membership in the Conference. Your membership support and participation over the past year has made the difference in our collective efforts on behalf of the nation's mayors. The following provides a summary of some of the important legislative and other activities that we were involved in over the past year.

Anti-Crime Programs/Homeland Security

Since September 11, 2001, the Conference has devoted extensive effort to the homeland war against terrorism, focusing on the issue in an Emergency Safety and Security Summit, a Mayors Lobby Day, the 2003 Winter Meeting, the 2003 Annual Meeting in Denver, many top-level Administration meetings, and Congressional testimony. Major victories were secured with the passage of legislation to federalize airport security; create a new Department of Homeland Security; and promote better information sharing. In addition, more than \$7 billion in new first responder/homeland security funding was approved by Congress for FY 2003 and FY 2004 after an extensive lobbying effort. The Conference is working to ensure that when this money goes through the states, it reaches cities quickly and in a flexible manner through our new Homeland Security Monitoring Center. We also continue to seek direct, formula funding for cities and are working closely with key committee chairs in the House and Senate on reauthorization language.

Related to this effort, the Conference has been strongly advocating for full funding of existing law enforcement resources such as the COPS program and the Local Law Enforcement Block Grant (LLEBG). Congress is currently proposing to cut the LLEBG by 44%, and cut the COPS program by 24%. Mayors and police chiefs are working together to restore funding for these important programs. The Conference is also actively supporting gun safety legislation to reauthorize the assault weapon ban and close the gun show loophole.

Arts, Parks, Entertainment and Sports

The Conference has continued to strengthen its partnership with the Travel Business Roundtable and the International Association of Convention and Visitor Bureaus. A 10-point Mayors Action Plan was adopted, and Congress recently met one of the 10 points when it passed a \$50 million appropriation to fund an international destination marketing campaign to support national and local efforts to attract foreign visitors. The Conference continues to work with the arts, parks, and recreation communities to secure federal support for local arts and parks programs and the film industry on the issue of runaway production, or keeping more of movie and television production in the United States rather than overseas.

Community Development and Housing

As anticipated, the core city programs in community development and housing fared well in the FY 2004 funding bill, which the Senate will take up when Congress returns in late January. The Community Development Fund, which includes the Community Development Block Grant (CDBG) program, would receive \$4.950 billion. The HOME Investment

Partnerships Program would receive \$2.017 billion, an increase over last year's funding level of \$1.987 billion. HOME is an integral part of the administration's goal to provide 5.5 million families with homeownership opportunities by the year 2010. As part of that effort, Congress also passed and approved a funding level of \$87.5 million for the Administration's "American Dream Downpayment Initiative"; the program will provide downpayment assistance to first time homebuyers. Congress also fully funded the Section 8 Housing Choice Voucher program at \$14.182 billion.

Education

In education, the Conference continues to be involved in providing information to mayors on the implementation of the *No Child Left Behind Act* and other federal legislation, programs and grant opportunities. The Conference has also been a strong supporter of programs and policies such as after-school and extended day, college access, high school reform including smaller schools and adolescent literacy, school construction, and universal pre-k. This past year the Conference and The Broad Foundation continued their partnership, Mayors' Initiative for Leadership in Education (MILE), to further mayoral leadership in education and provide the latest information to mayors to increase their involvement. The Conference hosted a Mayors' Education Summit in Washington, D. C. on September 22-23, 2003. The Conference also co-sponsored the first Mayors' Education Policy Advisors meeting with the National League of Cities.

Energy

Over the past year, the Conference was fully engaged in the Congressional deliberations on comprehensive energy legislation (H.R. 6). As a result, the Conference helped persuade the necessary number of Senators to oppose closing the debate on the energy bill. Related to this effort, the Conference strongly advocated the exclusion of the "safe harbor" provision that would provide liability immunity to the producers of gasoline containing the fuel additive methyl tertiary butyl ether (MTBE), which has contaminated the drinking water of hundreds of communities across the United States and will shift the burden of cleanup to local tax-payers. In addition, the Conference has also advocated the exclusion of an electricity title that will authorize the Federal Energy Regulatory Commission (FERC) to control the siting of new transmission lines; require transmitting utilities to join a Regional Transmission Organization; repeal FERC's authority to review mergers; expand FERC's authority over public power systems; and weaken consumer protection laws such as the Public Utility Holding Company Act.

Environment

The Conference continues to push for full funding (\$250 million) for the Small Business Liability and Brownfields Redevelopment legislation that was signed into law by President Bush in January of 2002. We are seeking to restore and improve brownfields funding at the Department of Housing and Urban Development and the Departments of Commerce as well as encouraging private sector development on brownfield properties through changes in the tax code. In the area of Water and Wastewater Infrastructure, the Conference has met with EPA and the 108th Congress and has testified before them on the tremendous needs facing cities on the issue of water, including water and wastewater infrastructure, private activity bonds, security issues, watershed management, and the status of water supplies.

Health/Human Services

The Conference, through its successful partnership with the Centers for Disease Control and Prevention, continue to provide Mayors and the health focused community based organizations with the most up-to-date information on cancer prevention and education as well as HIV/AIDS prevention and education initiatives. This year, the Conference was able to expand it HIV/AIDS work to the international arena by partnering with African Mayors on HIV/AIDS mayor-to-mayor exchanges. The culmination of that work is the formation of the USCM Task Force on HIV/AIDS in Africa. Additionally, the Conference continued to pursue legislative policies to both benefit and enhance the work that Mayors do in the areas of health and human services. The Conference was in vocal opposition to proposed plan that would block grant the head start funding that now freely flows from the federal government to local communities nationwide. We were successful in stalling the Head Start legislation rather than allowing a potentially damaging bill to pass Congress.

International Affairs

Responding to the age of globalization and increased interdependence among nations, the Conference is continuing to build a network of international mayors. This effort arises from more than forty years of working with mayors of various countries, including Japan, Argentina, Poland, Senegal, Ghana, Spain, and other nations. This year's effort built upon the First Summit of the International Conference of Mayors in April 2002 with the Second International Conference of Mayors, held in conjunction with the 71st Annual Conference of Mayors in Denver, where 25 mayors from 16 nations, and five continents and over 200 U.S. mayors shared best practices, model programs, and their vision about sustainable development. The Conference also continues to cooperate with other international networks of mayors, including Metropolis, headed by Mayor Joan Clos of Barcelona, Spain.

Telecommunications

The Conference is leading an extensive and legal effort to thwart the growing threats to local government management of its public rights-of-ways from Congress, the Federal Communications Commission (FCC) and the communications industry. Among these interests is the FCC's classification of cable modem service that it is neither a cable or telecommunications service thereby costing local government millions today and billions by the end of the decade if not reversed. The Conference is appealing the United States Court of Appeals for the Ninth Circuit ruling that cable modem service is not a "cable service" but instead part "telecommunications service" and part "information." This ruling does not address the enormous revenue loss to local government. Other ongoing efforts include lobbying for greater access and funding for public safety spectrum use as well as the ongoing campaign to end the digital divide.

Transportation

The Conference had significant transportation victories over the past 12 months, including a 15% increase in Amtrak's fiscal year 2004 appropriation agreed to by the Omnibus Conference Committee. In addition, the Conference continues to discuss a national high-speed passenger rail plan with the Administration and Congress. The Conference also participated in successful efforts to integrate the Transportation Security Administration (TSA) into the Department of Homeland Security (DHS). Additional achievements include a fully federal airport screener workforce and 100% airport baggage screening. The Conference has secured hundreds of millions of dollars for port and mass transit security as well as funding to complete the installation of explosive detection machines at our nation's commercial airports. The Conference continues to work with the DHS and Congress on direct reimbursement for local law enforcement officers protecting the nation's airports and meaningful resources for maritime and overland port security. With the reauthorization of the nation's surface transportation law, the Conference is leading the lobbying effort for direct local control and decision making of transportation funds, increased transit investment, substantial resources to tackle congested and aging transportation infrastructure, improved intermodal connections and equally strong environmental laws.

Urban Economic Policy

The Conference was successful this year in blocking passage of legislation that would have prevented state and local governments from collecting taxes on telecommunications services. A provision was included in H.R. 49 /S. 150, a bill permanently banning state and local taxes on Internet access, to expand the definition of Internet access to include taxable telecommunications services. Strong resistance from mayors prevented the measure from being considered on the Senate floor. Also, legislation (H.R. 3184/S. 1736) was introduced this year to give state and local governments authority to require out-of-state retailers to collect their sales and use taxes. There is strong bipartisan support for the proposal in both Houses of Congress. Once enacted, this legislation will enable state and local governments to collect an estimated \$45.2 billion in sales and use taxes by 2006. The Conference will also continue to push for the enactment of legislation that would help local governments save millions by giving them more opportunities to refinance municipal bonds and take advantage of lower interest rates.

Workforce Development

The Conference has supported the Workforce Investment Act (WIA), which maintains a strong local role for mayors and local elected officials. During the WIA reauthorization process, the Conference worked closely with the Senate and House to ensure a strong role for mayors and their local workforce investment

boards (WIBs) was maintained in both the Senate-passed bill, S 1627, which includes 90% of the Conference's recommendations while the House-passed bill, HR 126, includes a strong role for mayors local workforce investment boards. The Conference has advocated to maintain level funding for WIA formula funded programs, following a proposed funding cut from the Administration. The Labor Health and Human Services and Education Appropriations bill maintained level funding in both the Senate and House bills but may be changed as part of the FY 2004 omnibus appropriations bill that is pending before Congress. The Conference also continues its partnership with the Annie E. Casey Foundation for Working Families in which we are promoting the Earned Income Tax Credit (EITC) and other supports for working families.

In addition to our legislative agenda, the Conference continues to provide technical assistance and support for our member cities to help mayors lead the way in providing innovative programs for their citizens. We have launched expanded member services that include our **Deferred Compensation Program** that provides financial solutions for municipal employees; **"Partner America"** an initiative that helps mayors grow their small businesses; **Cities United for Science Progress (CUSP)**, a program to assist mayors in applying the latest science-based solutions to improve the quality of people's lives; **CitiesFirst**, an initiative to help mayors develop strategies to revitalize our cities; and our **Government Purchasing Alliance Program**, which provides local governments with competitively bid contracts for various commodities.

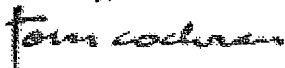
Another department that is most important is our **Communications Department**. We all know the importance of the media when it comes to getting our message to the American public. The conference continues to provide mayors with exceptional access to regional and national press. This year, we arranged for mayors to appear on The Today Show, The NewsHour with Jim Lehrer, and The News with Brian Williams, CNN, Fox News, C-Span, and National Public Radio. We placed articles that quoted mayors in The New York Times, The Washington Post, USA Today, The Wall Street Journal and The National Journal. We will continue in 2004 to provide the news - mayors speaking out, national meetings, surveys and reports, as well as our press conferences - and the result of these activities will enhance our legislative agenda. In addition, our web site - www.usmayors.org -- and our bi-weekly newspaper, U.S. MAYOR, are helpful tools, providing members with all the latest news and information on key issues facing mayors and their cities.

The Conference launched a new venture this year in its continuing efforts to communicate with mayors and their staffs. Called **U.S. MayorVision**, this new initiative uses the technology of television and the Internet to present newsmakers and leading experts. Audience members can email their questions and comments "live" to the guests who respond on air in real time. The webcasts are also archived for latter viewing by accessing usmayors.org. Recent examples include webcasts on homeland security funding, COPS funding, travel and tourism, and bioterrorism.

Your active participation in the Conference of Mayors over the next year is essential. With a full agenda, we need your continued participation and support as we confront the many challenges before you and other mayors across the nation. Please continue with us this year as we face the new challenges, develop and explore new ideas, and celebrate the traditions that make our cities the best places in our great country.

On behalf of the officers and the Conference staff, thank you for your support. If you have any questions about the enclosed 2004 membership dues invoice, please contact Debra DeHaney-Howard, Director of Membership Services at 202-861-6702 or Woody Ward, Chief Financial Officer at 202-861-6743.

Sincerely,



Tom Cochran
Executive Director